



eInvoicing requirements in Hungary per July 1, 2018

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Table of contents

<i>Legislative background</i>	3
<i>SAP add-on for Hungary is ready to demo</i>	4
<i>SAP health check: data in SAP incorrect and incomplete!</i>	5

Appendix:

- Legislative background and status
- Summary of the technical documentation released
- SAP add-on demo deck

Legislative background

From 1 July 2018, taxpayers are as stated earlier obliged to provide within 24 hours invoice data for domestic transactions with a minimum VAT amount of HUF 100,000 (322 EUR). The ERP system must be able to detect sales invoices meeting reporting requirements: the minimum VAT amount. To be able to comply with the requirements and provide the data on in time, a taxpayer needs to develop either tooling or purchase a solution.

When invoicing takes place using an accounting/billing program, the invoice information has to be transmitted immediately from the billing program to the National Tax and Customs portal (NAV) without human intervention, via public internet, shortly after the invoice has been issued. Taxpayers who do not send the data online immediately will be subject to tax penalties.

The fundamental principle of the data supply is that an XML data file may contain only one invoice. If for technical reasons, the billing program sends multiple invoice data to the tax office at a time; it cannot do so in a single data file. Breaking the accounts into separate data files is necessary. Data supply includes the following primary data circuits:

- Technical data of data service: exact time, endpoint identifier
- Billing software data: manufacturer's name, software name, version number
- Invoice type
- Initial invoice details
- Modification invoice details

The Hungarian tax authorities finally released the technical documentation, and the PowerPoint in the appendix contains a summary. In the appendix also a PowerPoint about details of the Hungary legislation and the status.

SAP add-on for Hungary is ready to demo

We offer a fully SAP-integrated solution to submit the requested tax data in an automated way. It contains cockpit functionality for go-live testing and tax risk management onwards. The SAP add-on solution is capable of receiving, check and verify invoice data sent by the taxpayer with immediate access to accounting data.

	SNI KOBAK Solution	External Portal /Manuel Solution
End-to-end Integrated solution	Yes	No
User interface	100% SAP ECC	%100 External
XML creation	Yes	N/A
Require an external file to upload?	Yes/No (up to Customer)	Yes
Dependency on Supplier	No	Yes
SAP version requirement	SAP ECC 4.7 and Higher & HANA	N/A
Digital Signature Software	Available	N/A
Allowance on other integrations	Allows all Integrations	N/A
Legal Schema check (XSD)	Yes	N/A
Data Storage Requirement	Low storage (keeps xml data binary)	N/A

SNI RTI installation and other features

- Installation done by external transport file
- SAP partner: a globally registered «/SNI/» namespace for all objects
- No affect on SAP standards and is not affected by SAP upgrades
- ABAP as programming language
- English as product language
- Standard SAP authorization is used
- Own customizing tables
- Own transaction codes and menus

SAP health check: data in SAP incorrect and incomplete!

Although we offer a fully SAP-integrated solution in SAP itself to submit required data in an automated way, it is essential to review whether the data in SAP itself is correct and complete.

The Key Group has recently delivered its Hungarian SAP health check pilot for one of its major clients, and the outcome was that quite some changes in SAP had to be made to avoid either future questions by the tax authorities or announcement of a tax audit when data is submitted mid-2018.

Please keep in mind that the Hungarian tax authorities are aware that SAP setup itself is often not in order and that tools outside the ERP system are used to remediate and manipulate tax data outside of SAP with the purpose to improve tax reporting.

The full automated legal requirement is to force taxpayers to remediate the ERP VAT setup itself and realize that taxpayers do not use workarounds as Excel sheets or similar tools outside the ERP system as human intervention is not allowed.

When the definitive EU VAT system becomes in force - expected in 2021 - these data requests become even more critical. The local tax authorities will use the acquired tax data to check whether sufficient tax revenue is received from the other Member State(s).

Based on this pilot we have designed an efficient and effective assessment process that will include not only an overview of gaps but as well our view how to remediate these gaps in SAP itself.

The Key Group offers an SAP health check specifically on the Hungarian legal requirements defined in XML format:

- Disclose all SAP setup gaps that need remediation to avoid incorrect and incomplete data during submission of data
- Identify areas for improvement, which would be necessary for real-time invoice reporting:
 - Type of billing documents
 - Details of invoices,
 - Etc.

Every company that has to meet these Hungarian requirements have to ensure that incorrect and incomplete tax data in SAP itself has to be fixed first to realize that validation of submitted data via tooling results in a positive validation by the Hungarian tax authorities.

Contact us if you like to know more about the executive summary of our findings of our SAP health check for own benchmark purposes.

A more detailed roadmap

The following set ups are reviewed from a SAP VAT configuration perspective:

- Mapping of the new XML schema
- Preparing a correlation table if needed, i.e., a gap analysis between the old (data export – reference to audit file) and the new (live invoice data reporting) XML data maps, to capture surplus data and development needs
- Preparing invoice maps, which involves the identification of relevant data elements on invoice templates, and the linking of these data elements to the XML report fields
- Amending invoice templates for the proper execution of live reporting (if necessary)
- Identifying the data sources within the ERP/billing systems, and configuration of data queries > Developing the XML conversion engine (application), which will be capable of converting the extracted invoice data into the required XML format, and later on will perform the online communication functions
- Testing the generated XML files via the KOBAK platform, troubleshooting as needed
- Define steps to take in second development phase

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